TABLE (Continued)

	Direct Loan Obligations			Loan Guarantee Commitments		
	1981	1982	1983	1981	1982	1983
Less (continued)						
Guaranteed loans held as direct loans by the FFB						
Tennessee Valley Authority	---	---	---	-3,624	-4,285	-5,289
Rural electrification and telephone revolving fund	---	---	---	-4,007	-4,311	-4,136
Alternate fuels production and other	---	---	---	-18	-498	-915
Total, energy	8,855	10,317	11,182	3,721	-484	-1,816

a/ Includes guarantees of direct loans made by the Federal Financing Bank (FFB) as shown below.

b/ Includes loans sold to the FFB as loan assets and guarantees of those loan assets. The FFB purchases are shown below.

c/ The FFB is an off-budget entity that finances direct loans sold or guaranteed by other federal agencies. The deductions below eliminate overlap with transactions shown above in this table.

Credit activities in the energy function include programs for rural electrification and telephones funded through the Rural Electrification Administration (REA) and power projects funded through the Tennessee Valley Authority (TVA). The Administration proposes to eliminate most of the credit programs in the energy area.

Rural Electrification and Telephone Revolving Fund

The Rural Electrification Administration (REA) of the Department of Agriculture makes direct and guaranteed loans for the construction and operation of electric and telephone utilities in rural areas. By statute, REA makes direct loans at interest rates of 2 percent or 5 percent, depending on the project and financial condition of the borrower. Loan guarantees are authorized to attract private capital to rural electric and telephone projects.

In 1983, the Administration proposes to reduce REA direct loans by $400 million or 36.3 percent below 1982 appropriated levels. Appropriations limitations for REA are set for both minimum and maximum levels. For 1982, the appropriated minimum for direct loans is $1,100 million; the maximum is $1,425 million. The appropriated minimum for loan guarantees is $5,145 million; the maximum is $6,400 million. The Administration proposes a supplemental limitation for 1982 to reduce the minimum level of guaranteed loan commitments by $900 million to $4.2 billion. For 1983, the Administration proposes to drop the minimum and the maximum level of new loan guarantee commitments to $3.8 billion, down 41 percent from the 1982 ceiling. The Administration projects that the revised levels of funding will support the program's activities through 1987. The Administration's rationale for the proposed reductions is that private capital is now available to finance many of the projects previously funded by the REA.

Tennessee Valley Authority

The Tennessee Valley Authority (TVA) is a government-owned corporation which leases nuclear fuel from the Seven States Energy Corporation. The Corporation borrows from the Federal Financing Bank (FFB) to finance its purchases, with TVA guaranteeing the loans through long-term contractual agreements. Estimates for new loan guarantee commitments for 1982 have been reduced by $216 million to $4.3 billion. For 1983, new loan guarantee commitments will increase by $1.0 billion.

Synthetic Fuels Corporation

The Synthetic Fuels Corporation (SFC) was established by the Energy Security Act (Public Law 96-294) as part of an effort to reduce U.S. dependence on imported oil. The goal of the Corporation is to assist private industry to finance the development of two million barrels of oil substitutes by 1992. To achieve this goal, the Corporation is authorized to provide financial assistance in the form of direct loans, loan guarantees, price guarantees, and purchase agreements.

The Administration has proposed eliminating both the direct loan and loan guarantee programs of the SFC--a $2 billion cut in loan guarantees from the 1982 level--and replacing them with a program of price guarantees. The assumption that no loan guarantees will be granted is questionable. The SFC has given first stage approval to funding requests for eleven projects, nine of which contain requests for loan guarantees.

Other Programs

The Administration proposes to terminate several small loan guarantee programs after 1982. They are listed below with their 1982 funding levels.

- o Biomass energy development guarantee commitments of $700 million;
- o Loan guarantees for research on electric and hybrid vehicles, of $2.5 million; and
- o Loan guarantee commitments of $2.1 million for Naval Petroleum Reserve exploration activities.

FUNCTION 300: NATURAL RESOURCES

This function contains only one credit program. The Department of the Interior's Bureau of Reclamation makes direct loans to state, local, and private organizations for construction and rehabilitation of non-federal irrigation districts and municipal and industrial water systems. The Administration proposes direct loan obligations of $39 million in 1983, $11 million above 1982 appropriated levels.

FUNCTION 350: AGRICULTURE

(In millions of dollars)

	Direct Loan Obligations			Loan Guarantee Commitments		
	1981	1982	1983	1981	1982	1983
Price Support and Related Commodity Loans (CCC)	5,872	8,600	6,560	2,015	2,500	2,500
Agricultural and Emergency Credit (FmHA) a/						
New loans	8,048	3,728	3,737	49	201	131
Repurchases and guarantees of loan assets	1,181	4,468	3,481	6,910	5,391	3,071
Off-Budget Federal Entity						
Federal Financing Bank b/						
Agricultural credit insurance fund	6,815	5,391	3,071	---	---	---
Subtotal	21,916	22,187	16,889	8,973	8,092	5,702
Less						
Loan assets sold to the FFB						
Agricultural and emergency credit (FmHA)	-6,815	-5,391	-3,071	-6,815	-5,391	-3,071
Total, agriculture	15,101	16,796	13,818	2,158	2,701	2,631

a/ Includes loans sold to the Federal Financing Bank (FFB) as loan assets and guarantees of those loan assets. The FFB purchases are shown below.

b/ The FFB is an off-budget entity that finances direct loans sold or guaranteed by other federal agencies. The deductions below eliminate overlap with transactions shown above in this table.

Credit assistance for agriculture consists of loans and loan guarantees of the Farmers Home Administration's Agricultural Credit Insurance Fund and the Commodity Credit Corporation, both in the Department of Agriculture.

Agricultural Credit Insurance Fund

Through the Agricultural Credit Insurance Fund (ACIF), the Farmers Home Administration (FmHA) makes a wide variety of direct loans to farmers, ranchers, and others engaged in agricultural activities. The ACIF's principal programs are loans for farm ownership, farm operations, and disaster relief. FmHA also conducts a small program of guaranteeing loans by private lenders for these same purposes.

The Administration has reestimated the new direct loan obligations for the ACIF for 1982 and anticipates a level of $8.2 billion, a decrease of 6.5 percent from the current $8.8 billion. New loan guarantee commitments are expected to total $5.6 billion, a decrease of 8.4 percent from the current 1982 level of $6.1 billion. For 1983, the Administration proposes to reduce new direct loan obligations by the ACIF to $7.2 billion, a decrease of 12.2 percent from the reestimated 1982 level of $8.2 billion. The Administration proposes to increase the limitation on new direct loan obligations from $2.1 billion to $3.7 billion. Although the limitation on new loan activity is increased, it is expected that loan asset sales to the FFB will decrease, thus reducing the pool of money available for loans.

Most loan guarantee commitments are guarantees of loan asset sales to the FFB. Only the portion subject to limitation, $131 million for 1983, is for new loan guarantees by the ACIF to private lenders. For 1983, the Administration estimates that new loan guarantee commitments will be $3.2 billion, a reduction of 42.9 percent from the reestimated 1982 level of $5.6 billion.

The proposed reduction in ACIF credit activity results from several factors, including the expiration of the economic emergency loan program in 1983, with the resulting shift in emphasis to the farm ownership and farm operating loan programs, and proposed changes in eligibility requirements for the disaster loan program. The Administration is also proposing several legislation changes: increasing the interest rates on loss loans from 8 percent to the cost of borrowing from the Treasury, restoring the "credit elsewhere" test, and lowering the individual loan limit from $500,000 to $300,000. In addition, the Administration proposes no new loans in 1983 for irrigation and drainage, grazing, or resource conservation and development.

Commodity Credit Corporation

The Commodity Credit Corporation's (CCC) principal form of credit assistance is the "nonrecourse" commodity loan. Under this program, the CCC makes direct loans to producers with their crops or commodities serving as collateral. On the date of maturity, the producer may pay off the loan or deliver the commodity to the CCC in lieu of repayment. These commodity loans set a floor under market prices, since producers are assured of the loan amount as a base price for their products. For 1982 the Administration estimates that new direct loan obligations will total $8.6 billion, an increase of 19.5 percent over the current 1982 level of $7.2 billion. This increase is attributable to the Administration's revised estimates of new direct loan obligations necessary to meet the increased demands for nonrecourse loans in 1982. For 1983, the Administration proposes to reduce new direct loan obligations for nonrecourse commodity loans to a level of $6.6 billion, a reduction of 23.3 percent from the reestimated 1982 level of $8.6 billion. This reduction assumes improved market conditions for farmers in 1983.

The Administration proposes to terminate short- and medium-term export loans and, therefore, has proposed no limitation on new direct loan obligations for export purposes in 1983. New loan guarantee commitments are expected to remain at $2.5 billion. This level will permit the CCC to conduct its export credit sales program at the 1982 current level.

FUNCTION 370: COMMERCE AND HOUSING CREDIT

(In millions of dollars)

	Direct Loan Obligations			Loan Guarantee Commitments		
	1981	1982	1983	1981	1982	1983
Mortgage Purchase Activity (GNMA) a/	1,836	1,993	6	42,150	48,000	38,400
Mortgage Credit (FHA)	414	383	311	23,635	28,609	35,000
Housing for the Elderly or Handicapped	873	819	453	---	---	---
Rural Housing (FmHA) b/						
New loans	3,487	3,727	1,145	6	---	---
Repurchases and guarantees of loan assets	2,592	2,644	2,750	6,076	5,648	3,557
Central Liquidity Facility (NCUA)	68	330	473	---	---	---
Small Business Assistance c/ d/	871	712	554	3,616	3,150	2,850
National Consumer Cooperative Bank	130	11	---	---	---	---
Chrysler Corporation	---	---	---	400	---	---
Other Programs	278	19	5	152	181	100
Off-Budget Federal Entities						
Federal Financing Bank e/						
Rural housing (FmHA)	6,045	5,619	3,537	---	---	---
Small business assistance	165	275	240	---	---	---
Subtotal	16,759	16,532	9,475	76,035	85,589	79,907
Less						
Loan assets sold to the FFB and associated guarantees						
Rural housing (FmHA)	-6,045	-5,619	-3,537	-6,045	-5,619	-3,537

(Continued)

TABLE (Continued)

	Direct Loan Obligations			Loan Guarantee Commitments		
	1981	1982	1983	1981	1982	1983
Less (Continued)						
Guaranteed loans held as direct loans						
By the FFB						
Small business assistance	---	---	---	-165	-275	-240
By GNMA						
Tandem plan purchases	---	---	---	-1,832	-1,988	---
Secondary guarantees						
Mortgage purchase activity (GNMA)	---	---	---	-42,150	-48,000	-38,400
Total, commerce and housing credit	10,714	10,913	5,938	25,843	29,707	37,730

a/ Includes guarantees of direct loans purchased under the GNMA tandem plan.

b/ Includes loans sold to the FFB as loan assets and guarantees of those loan assets. The FFB purchases are shown below.

c/ Direct loan obligations for 1983 consist primarily of repurchases of defaulted guaranteed loans.

d/ Includes guarantees of direct loans made by the Federal Financing Bank (FFB) as shown below.

e/ The FFB is an off-budget entity that finances direct loans sold or guaranteed by other federal agencies. The deductions below eliminate overlap with transactions shown above in this table.

Credit programs in this function are designed to promote the flow of funds into housing and commerce. These programs include the mortgage insurance and purchase activities of the Department of Housing and Urban Development (HUD), the rural housing activities of the Department of Agriculture (USDA), the business loan programs of the Small Business Administration (SBA), and other activities.

Federal Housing Administration

The first major loan guarantee program of the federal government was home mortgage insurance, begun during the Depression. Today, home mortgage insurance continues to be the largest of federal credit activities. The mortgage insurance programs of the Federal Housing Administration (FHA) are administered through the FHA Fund, which is actually a collection of insurance funds, each of which provides mortgage insurance for a targeted group of consumers.

For 1982 the Administration has reestimated the levels of new direct loan obligations and new loan guarantee commitments for the FHA fund. New direct loan obligations are expected to be $382.9 million, an increase of 37.8 percent from the current level of $277.8 million. These new direct loan obligations are to be used to provide assistance to financially troubled borrowers before default and cover a portion of defaults against FHA-insured mortgages. New loan guarantee commitments are expected to total $28.6 billion, a decrease of 28.5 percent from the 1982 appropriated level. This reestimate reflects the Administration's belief that, because of economic conditions, there will be fewer qualified borrowers in 1982. The Administration plans to direct mortgage insurance to those homebuyers who cannot obtain private insurance elsewhere.

The Administration's estimates for fiscal year 1983 reflect a projected improvement in the housing industry from 1981 levels. For 1983 the Administration proposes a limitation of $45 million on new direct loan obligations for temporary mortgage assistance payments. New direct loan obligations exempt from limitation, estimated to be $266.3 million for 1983, are used to cover a portion of defaults against FHA-insured mortgages. The Administration proposes a limitation of $35 billion on new loan guarantee commitments. This limitation reflects the Administration's program to provide mortgage insurance for the neediest homebuyers and to direct other homebuyers to private mortgage insurers.

Government National Mortgage Association

The Government National Mortgage Association (GNMA) guarantees securities issued by mortgage bankers and other financial institutions, backed by pools of privately held, federally insured mortgages. These transactions are guarantees of securities which have been previously guaranteed by the federal government. As such, they do not support new economic activity. They are designed to increase the liquidity of housing finance.

Through its special assistance functions fund (tandem plan), GNMA also purchases below-market interest rate FHA and VA loans from lenders at prices near par. GNMA then sells these loans at market rates to other institutional investors.

The Administration has proposed signficiant reductions for GNMA. For 1982, appropriations language has been proposed to reduce the limitation on new loan guarantee commitments of mortgage-backed securities from $68.3 billion to $48 billion, a cut of nearly 30 percent. For 1983, the Administration proposes a further reduction in the limitation to $38.4 billion, a decrease of 20 percent from the revised 1982 limitation. The reduction in the mortgage-backed security program is part of the Administration's overall plan to reduce federal credit programs, relieve pressure on interest rates, and encourage the development of private-sector alternatives to federal credit activities. The Administration also plans to increase the commitment fee charged to issuers of mortgage-backed securities to a level comparable to that charged by private-sector programs. This change will be effective in 1983.

The Administration proposes that the GNMA tandem mortgage purchase program make no new direct loan obligations for 1983. This proposal was also advanced last year and rejected by the Congress.

Housing for the Elderly or Handicapped

Section 202 of the Housing Act of 1959, as amended, provides for a program of direct loans to nonprofit sponsors, consumer cooperatives, and certain public agencies to construct rental housing for elderly and handicapped persons independent of income. The loans have a maximum term of forty years and bear interest based on the Treasury's borrowing rate, plus an allowance to cover administrative expenses.

The Administration has reestimated the level of new direct loan obligations for 1982 from $850.8 million to $819.7 million, a reduction of 4 percent. The Administration bases this estimate on the assumption that there will be a lack of qualified borrowers for this program in 1982. For 1983 the Administration proposes a limitation of $453 million for new direct loan obligations, a reduction of 46.8 percent from the 1982 limitation. This reduction is part of the Administration's overall plan to reduce credit activity by the federal government.

Rural Housing Credit

The Farmers Home Administration (FmHA) of the USDA conducts two programs in function 370 that provide rural housing credit. FmHA's Rural

Housing Insurance Fund makes direct loans for rural housing purchases, rental and cooperative housing projects, farm labor housing projects, and preparation of rural housing sites. The second program, the Self-help Housing Land Development program, lends to public or private nonprofit organizations to finance the origination and development of sites for homes.

For 1982 the Administration estimates that both new direct loan obligations and new loan guarantee commitments will be lower than the 1982 current level. It is anticipated that new direct loan obligations will be $6.4 billion ($2.6 billion of this represents the repurchase of existing Certificates of Beneficial Ownership from the Federal Financing Bank), a reduction of 9 percent from current levels. New loan guarantee commitments are expected to decline by 4.9 percent to $5.6 billion.

For 1983 the Administration proposes to reduce the limitation on new direct loan obligations from $3.7 billion to $1.1 billion, and total new direct loan obligations are expected to decline to $3.9 billion. Loan guarantee activity is to be reduced by $2.4 billion, to $3.6 billion. No new loan activity is proposed for the Self-help Housing Land Development program. The Administration proposes sharp reductions in both the single-family housing and multifamily housing programs. These reductions reflect the Administration's efforts to reduce federal credit activity and to target these programs for the neediest homebuyers.

National Credit Union Administration

The National Credit Union Administration (NCUA), through its Central Liquidity Facility, provides direct loans to member credit unions to meet seasonal and emergency needs. For 1982 the Administration estimates that $4.1 billion of the $4.4 billion limitation on direct loan obligations will not be needed. For 1983 the Administration has proposed a limitation of $709.6 million.

The Administration estimates $5 million in direct loan obligations for 1983 for the Share Insurance Fund that insures members deposits in federal credit unions. Loan guarantee commitments are estimated at $75 million, a reduction of 25 percent from the 1982 estimate.

National Consumer Cooperative Bank

The National Consumer Cooperative Bank (NCCB) was established to provide credit to consumer cooperative organizations. Before passage of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), the Bank provided both direct loans to cooperatives and guaranteed loans by private institutions to cooperatives. The Bank's Office of Self-help

Development and Technical Assistance provided capital investment advances to consumer cooperatives not eligible for regular loans by the Bank.

The reconcilation act provided for the orderly conversion of the Bank to a private institution, which was accomplished on December 31, 1981. For 1982 the Administration estimates that the $260 million appropriations limit for the NCCB will not be needed. It also estimates that only $11 million of the $14 million limitation for direct loan obligations for self-help assistance will be used. No activity is proposed for the NCCB in 1983.

Small Business Administration

The Small Business Administration (SBA) provides credit to small business in the form of direct loans, loan guarantees, guarantees of surety bonds, lease contracts, and pollution control equipment contracts. Most of this credit assistance is provided through the Business Loan and Investment Fund.

For 1983 the Administration proposes to eliminate SBA direct business loans. It proposes a limitation of $41 million on direct loan obligations used to purchase preferred securities from small business investment companies owned by disadvantaged persons. An additional $513 million is targeted to cover defaults of SBA-guaranteed loans. CBO anticipates a higher level of repurchase of SBA-guaranteed loans than the Administration and has reestimated the level of new direct loan obligations accordingly. For 1982 its reestimated level is $756 million, while the 1983 level is $627 million. The proposed elimination of direct business loans is part of the Administration's program to stabilize financial markets and reduce interest rates by allowing the private sector to provide for the needs of small businesses.

The Administration proposes to reduce total SBA new loan guarantee commitments from $3.2 billion in 1982 to $2.9 billion in 1983. The Administration also proposes a 1982 limitation of $2.7 billion on new business guaranteed loan commitments and supplemental language to increase the limitation on new loan guarantee commitments to $150 million for pollution control equipment contracts. This increase is intended to offset the proposed loss of loan guarantees from the business and investment fund.

The Administration has dropped the surety bond guarantees program from the credit budget. This shift reflects a refinement in the definition of credit. The Administration will no longer view bond guarantees as credit assistance. This change will reduce the 1982 credit budget loan guarantee totals by $1.2 billion.

Other Programs

The Administration is not requesting any funding for the Federal Savings and Loan Insurance Corporation (FSLIC) for either 1982 or 1983. The current level for direct lending is $877.3 million. Assistance to savings and loans is more likely to be provided through mergers and capitol contributions.

FUNCTION 400: TRANSPORTATION

(In millions of dollars)

	Direct Loan Obligations			Loan Guarantee Commitments		
	1981	1982	1983	1981	1982	1983
Highways and Mass Transportation	13	19	32	---	---	---
Aid to Railroads a/	39	144	2	16	135	---
Aircraft Purchase Loan Guarantees	---	---	---	408	56	---
Assistance to Ocean Shipping	24	25	25	1,047	675	600
Off-Budget Federal Entities						
U.S. Railway Association	17	1	---	---	---	---
Federal Financing Bank b/						
Aid to railroads	1,794	173	58	---	---	---
Subtotal	1,886	362	117	1,472	866	600
Less						
Guaranteed loans held as direct loans by the FFB						
Aid to railroads	---	---	---	-1,802	-173	-58
Total, transportation	1,886	362	117	-330	693	542

a/ Includes guarantees of direct loans made by the Federal Financing Bank (FFB) as shown below.

b/ The FFB is an off-budget entity that finances direct loans sold or guaranteed by other federal agencies. The deductions below eliminate overlap with transactions shown above in this table.

Function 400 includes credit programs of the Department of Transportation that provide financial assistance for highways and mass transit, rail, air, and sea transportation projects.

Credit Assistance for Railroads

Railroad assistance, which accounted for more than three-quarters of all new direct loan obligations made for transportation activities for 1982, will be reduced to less than 2 percent in 1983.

The Administration has proposed new appropriations language to reduce loan guarantee commitments made from the Rail Rehabilitation and Improvement Financing Fund from $270 million to $135 million for 1982. Funding from this source would be totally eliminated for 1983. For 1983, the Administration also proposes to eliminate all other direct loans and loan guarantee commitments under other railroad credit assistance programs, except for $2.3 million for emergency rail facilities restoration. The Administration offers two reasons for these reductions: the improved financial condition of the industry and the need for budgetary restraint.

Federal Credit for Ship Financing

Under Title XI of the Merchant Marine Act of 1936, as amended, the Maritime Administration (MarAd) of the Department of Transportation is authorized to guarantee construction loans and mortgages on U.S.-flag vessels built in the United States. Guarantees for loans under Title XI have no proof-of-need requirement. MarAd may also make direct loans in the form of advances to operators of vessels built under Title XI guarantees to forestall possible default and to satisfy claims on defaulted loans.

The Administration has proposed a limitation of $675 million for new loan guarantee commitments for 1982. The amount originally requested for 1982 and included in the Commerce, State, Justice appropriation was $1,050 million. The Administration has further proposed to limit commitments to $600 million for 1983. These reductions reflect both the Administration's more narrow definition of "eligible borrowers" and its overall efforts to restrain credit.

Aircraft Purchase Loan Guarantee Program

The Federal Aviation Administration (FAA) is authorized to guarantee 90 percent of principal and 100 percent of interest on loans up to $100 million per carrier for the purchase of aircraft and equipment by private airlines. The 1982 appropriations bill directed that new commitments for guarantee loans should be exclusively for commuter aircraft, and should not exceed an aggregate limit $100 million.

The Administration has proposed new appropriation language for fiscal year 1982 that would limit new loan commitments for the current fiscal year to $50 million. No new loan commitments are proposed for 1983.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

(In millions of dollars)

	Direct Loan Obligations			Loan Guarantee Commitments		
	1981	1982	1983	1981	1982	1983
Community Development a/	---	---	---	156	125	---
Other Housing and Urban Development Programs	110	68	---	---	---	---
Rural Development Insurance Fund (FmHA) b/						
New loans	1,010	505	430	743	575	---
Repurchases and guarantees of loan assets	659	541	518	1,650	1,511	1,196
Economic Development Assistance	54	30	---	178	50	---
Small Business Administration Disaster Loans	1,522	640	440	1	6	---
Other Programs	41	17	22	4	31	16
Off-Budget Entities						
Rural Telephone Bank	160	185	185	---	---	---
Federal Financing Bank c/						
Rural development insurance fund (FmHA)	1,650	1,511	1,196	---	---	---
Community development	45	110	120	---	---	---
Subtotal	5,250	3,607	2,911	2,732	2,292	1,212
Less						
Loan assets sold to the FFB and accompanying guarantees						
Rural development insurance fund (FmHA)	-1,650	-1,511	-1,196	-1,650	-1,511	-1,196

(Continued)

TABLE (Continued)

	Direct Loan Obligations			Loan Guarantee Commitments		
	1981	1982	1983	1981	1982	1983
Less (continued)						
Guaranteed loans held as direct loans by the FFB						
Community development	---	---	---	-45	-110	-120
Total, community and regional development	3,600	2,096	1,715	1,037	671	-104

a/ Includes guarantees of direct loans made by the Federal Financing Bank (FFB) shown below.

b/ Includes loans sold to the FFB as loan assets and guarantees of those loan assets. The FFB purchases are shown below.

c/ The FFB is an off-budget entity that finances direct loans sold or guaranteed by other federal agencies. The deductions below eliminate overlap with transactions shown above in this table.

This function contains credit asistance for community development in the Department of Housing and Urban Development (HUD), area and regional development in the Departments of Commerce and Agriculture and smaller agencies, disaster loans of the Small Business Administration (SBA), and assistance to Indian tribes in the Department of the Interior.

For 1983 the Administration estimates that new direct loan obligations for function 450 will total $1.7 billion, a decrease of 19 percent from the revised 1982 level. The major reductions are proposed for the SBA disaster loan program and the Rural Development Insurance Fund of the Farmers Home Administration in the Department of Agriculture. It is anticipated that new loan guarantee commitments will be $1.2 billion, a decrease of 47.8 percent from the revised 1982 level. Under the Administration's proposals, all but $16 million of the proposed loan guarantee commitments will be guarantees of loan asset sales from the Rural Development Insurance Fund to the Federal Financing Bank (FFB).

SBA Disaster Loans and Loan Guarantees

The Small Business Administration makes both direct and guaranteed loans to assist small businesses and property owners to recover from physical disasters under sections 7(b), 7(f), and 7(g) of the Small Business Act, as amended.

For 1983 the Administration proposes a limitation of $440 million on new direct loan obligations for the disaster loan fund. This program level is a reduction of 31.3 percent from the revised 1982 level of $640 million. In the past, disaster loans have not been subject to limitation on annual new obligations. The limitation requested for 1983 reflects the Administration's wish to restrain the federal role in disaster relief--a role, it contends, that should only supplement individual and state efforts.

Rural Development Insurance Fund

The Farmers Home Administration (FmHA) makes loans for water systems, waste disposal facilities, community facilities, industrial development, and alcohol production facilities through the Rural Development Insurance Fund (RDIF).

For 1983 the Administration is requesting a limitation of $430 million on new direct loan obligations for the RDIF, a reduction of 14.9 percent from the 1982 limitation. Under the Administration's proposals, new loans would be confined to the water and waste disposal systems and community facilities programs. No new loans are proposed for industrial development or alcohol production facilities in 1983. The Administration is also estimating that $518 million in direct loans will be required to repurchase loan assets held by the FFB that have matured.

New loan guarantee commitments are expected to total $1.2 billion in 1983, a reduction of 42.7 percent from the revised 1982 level. All loan guarantee commitments represent guarantees of loan asset sales to the FFB.

The Administration's proposals represent a continuation of its efforts to curb the lending activities of the FmHA's credit programs.

Community Development Loan Guarantees

Title I of the Housing and Community Development Act of 1974, as amended, established the Community Development Block Grant program. Under this program, HUD makes annual grants to state and local governments for community development programs. Section 108 of that act provides that the Secretary may guarantee debt certificates issued by grant recipients in amounts equal to three times their grant award to enable them to finance acquisition of real property and to rehabilitate publicly owned property.

For 1982 the Administration has proposed appropriations language to reduce the limitation on new loan guarantee commitments from $225 million to $125 million. No new loan guarantee commitments are proposed for 1983.

Housing Rehabilitation Loans

Section 312 of the Housing Act of 1974, as amended, authorizes direct loans for the rehabilitation of residential and commercial properties. These loans may be used in areas undergoing federally assisted development provided in the programs for urban renewal, code enforcement, community development block grants, and urban homesteading.

The Administration proposes to terminate this program in 1983. In its place, the Administration proposes a grant program for rental rehabilitation to provide funds to states and localities to cover part of the cost of rehabilitating multifamily rental properties. The Administration contends that this new program would be less costly and more efficient than the Section 312 program.

Economic Development Administration

The Administration proposes to eliminate funding for the Economic Development Administration, asserting that EDA programs are not effective, and that other means will be used to stimulate economic expansion and employment opportunities in distressed areas. For example, the Administration proposes that the FmHA provide development assistance to rural areas. It does not, however, propose any new development loans for rural businesses in the FmHA's credit program for 1983. The Administration also proposes to eliminate the EDA in 1982, even though the Congress provided funding for EDA, although at reduced levels.

For 1982 the Administration proposes a supplemental appropriation of $30 million in direct loan obligations, and $45 million in contingent liability for new loan guarantee commitments to provide for the orderly phase out of EDA.

Coastal Energy Impact Loans

The Coastal Zone Management Act, as amended, authorizes grants, loans, loan guarantees, and repayment assistance to state and local governments to assist in financing new or improved public facilities necessitated by energy-related activities in coastal and outer-continental shelf areas.

The Administration proposes to terminate coastal energy impact loans in the belief that states and localities are capable of dealing with the effects of oil and gas development. A similar proposal was made in 1981. For 1982, the Administration has reestimated the level of new direct loan obligations of the Coastal Energy Impact Fund from $7 million to $529,000.

Rural Telephone Bank

The Rural Telephone Bank (RTB) is an off-budget credit program administered by the Rural Electrification Administration (REA). Established by Public Law 92-12, the RTB provides a supplemental source of financing for the REA telephone program.

For 1983, the Administration proposes a limitation of $185 million on new direct loan obligations, the same amount as the reestimated 1982 level. The proposed limitation language amends last year's language, which set a minimum of $160 million and a maximum of $220 million in new direct loan obligations.

Indian Credit Assistance

To provide Indian tribes on federal reservations greater access to credit, the Indian Financing Act of 1974 established a revolving fund for direct loans and the Indian Guaranty and Insurance Fund to guarantee private lending to Indians.

For 1983 the Administration proposes to increase the limitation on new direct loan obligations for the revolving fund from $14.8 million to $19.9 million. At the same time, it proposes to reduce the limitation on new loan guarantee commitments for the Indian Loan Guaranty and Insurance Fund from $30.7 million to $15.8 million.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

(In millions of dollars)

	Direct Loan Obligations			Loan Guarantee Commitments		
	1981	1982	1983	1981	1982	1983
Guaranteed Student Loans	238	410	548	7,762	9,500	10,300
Student Financial Assistance	183	179	---	---	---	---
Guarantees of SLMA Obligations a/	---	---	---	1,955	700	---
Other Education	138	344	100	---	---	---
Off-Budget Federal Entities						
Federal Financing Bank b/						
SLMA obligations	1,955	700	---	---	---	---
Subtotal	2,514	1,633	648	9,717	10,200	10,300
Less						
Guaranteed loans held as direct loans by the FFB						
Guarantees of SLMA obligations	---	---	---	-1,955	-700	---
Secondary guarantees						
Guarantees of SLMA obligations	---	---	---	-1,955	-700	---
Total, education	2,514	1,633	648	5,807	8,800	10,300

a/ Includes guarantees of direct loans made by the Federal Financing Bank (FFB) shown below.

b/ The FFB is an off-budget entity that finances direct loans sold or guaranteed by other federal agencies. The deductions below eliminate overlap with transactions shown above in this table.

Credit assistance in this function consists primarily of loans and loan guarantees to assist students and their families to finance college educations. In addition there are loans to colleges and other academic institutions to finance construction of facilities. The Administration requested a limitation only for the college housing program in 1982.

Guaranteed Student Loan Program

The guaranteed student loan program is designed to promote the availability of commercial and nonprofit institution loans to students and their parents to help pay education costs at universities, colleges, and other postsecondary institutions. The Administration proposes a number of changes in the guaranteed student loan program, which build on those made in the Omnibus Reconciliation Act of 1981. These changes include:

- Increasing the origination fee from 5 percent to 10 percent;
- Extending the analysis of need limitation to all income levels and limiting loans to those students who qualify after taking into account family contributions and other financial aid;
- Allowing graduate and professional students to borrow only under the auxiliary loan program and increasing the loan limits for those programs;
- Increasing the Federal Insured Student Loan program premium from 1/4 to 1 percent;
- Charging guarantee agencies a new reinsurance premium equal to half of their insurance premium income; and
- Limiting special allowance interest benefit payments to in-school and deferment periods plus a two-year period following graduation or withdrawal from school.

For 1982, the Administration estimates $410 million in new direct loan obligations and $9.5 billion in new loan guarantee commitments. This represents a reduction of $178.1 million and $2.5 billion respectively from the 1982 base. For 1983, the Administration estimates $548.3 million in new direct loan obligations and $10.3 billion in new loan guarantee commitments. This reflects a 7.5 percent increase in direct lending and a 9.3 percent increase in guarantee commitments over the 1982 requests.

National Direct Student Loans

National direct student loans (NDSL) are long-term, low-interest loans to assist financially needy students in pursuing postsecondary education at eligible institutions. The federal government makes loans in the form of annual capital contributions to revolving funds at higher educational institutions. Colleges use their repayment receipts and new federal capital to make new loans, rather than repaying the federal government. The Administration estimates total direct lending obligations of $179 million for 1982, which would reduce NDSLs by $107 million. The Administration is not requesting any funding for NDSLs for 1983 and estimates that the $5 billion currently in the loan funds can be used to make approximately 590,000 loans at an average of $700 for the 1983-84 school year, in contrast to the 800,000 thousand loans estimated for 1982.

College Housing Loans

Title IV of the Housing Act of 1950 authorized loans at 3 percent interest rates to colleges and eligible hospitals for construction and acquisition of housing facilities. The loans have a 40-year term. The Administration is proposing to eliminate college housing loans for 1982 and 1983. The 1983 Budget overstates the Administration's request for 1982 by $344.2 million and for 1983 by $99.7 million. The budget totals should be adjusted by these amounts to reflect this error.

Guarantees of SLMA Obligations

The primary function of the Student Loan Marketing Association (SLMA) is to purchase insured loan portfolios from financial institutions. SLMA also has authority to act as a lender of last resort to enable students to obtain a federally insured loan and to consolidate federal loans for students with several separate loans.

The Administration has reestimated its request for 1982 funding for SLMA from $1 billion to $700 million. No new funding is requested for 1983, indicating the Administration's commitment to promoting private rather than government financing of SLMA obligations.

FUNCTION 550: HEALTH

(In millions of dollars)

	Direct Loan Obligations			Loan Guarantee Commitments		
	1981	1982	1983	1981	1982	1983
Health Maintenance Organization Loan Fund	27	41	38	19	36	24
Other Health Programs a/	30	13	1	48	80	80
Off-Budget Federal Entity b/						
Federal Financing Bank						
Health programs	15	28	16	---	---	---
Subtotal	72	83	56	67	116	104
Less						
Loan assets sold to the FFB and associated guarantees						
Health maintenance organization loan fund	-15	-28	-16	-15	-28	-16
Total, health	57	54	40	52	88	88

a/ Includes loans sold to the Federal Financing Bank (FFB) as loan assets and guarantees of those loan assets. The FFB purchases are shown below.

b/ The FFB is an off-budget entity that finances direct loans sold or guaranteed by other federal agencies. The deductions below eliminate overlap with transactions shown above in this table.

Credit assistance in the health function includes loans and loan guarantees for health services, health maintenance organizations, and the education and training of health-care professionals.

For 1983, the Administration proposes a total of $39.6 million in new direct loan obligations for all programs in function 550, a $14.8 million reduction from the level estimated for 1982. The decrease results primarily from a reestimate of direct lending for health services. The Administration